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DRAFT MEMORANDUM

BY

THE ECA CONFERENCE OF MINISTERS TO THE AD HOC COMMITTEE OF THE WHOLE OF THE GENERAL ASSEMBLY ON THE FINAL REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF UN-PAAERD, 1986-1990

M91-736

I. INTRODUCTION

1. With the coming to an end of the **United Nations Programme of Action for African Economic Recovery and Development, 1986-1990 (UN-PAAERD)**, we, the African Ministers Responsible for Economic Development and Planning wish, as decided in ECA's Conference of Ministers resolution 698 (XXV), to present herewith to the Ad Hoc Committee of the Whole of the United Nations General Assembly on the final review of UN-PAAERD our collective assessment of the implementation of the Programme and the measures that are needed to achieve sustained and sustainable growth and development in Africa in the years to come.

2. When our Heads of State and Government called, at their twenty-first session held in July 1985, for the convening of a special session of the General Assembly to deal with the critical economic situation in Africa, it was because of the extreme gravity of the socio-economic situation in our continent and the conviction that the causes for this crisis transcended the boundaries of our continent. Hence, the need for a partnership between Africa and the international community to undertake mutually reinforcing actions to overcome the crisis and set the continent on the road to recovery and development.

3. **Africa's Submission to the Special Session of the United Nations General Assembly on Africa's Economic and Social Crisis**, which the OAU and ECA jointly prepared and submitted to the Ad Hoc Committee of the Whole and the General Assembly, delineated the actions that needed to be taken by both Africa and the international community to turn a continent beleaguered by socio-economic crisis into a viable socio-economic entity. In that context, the submission reaffirmed our total commitment and primary responsibility for the development of our continent; the determination to implement **Africa's Priority Programme for Economic Recovery, 1986-1990 (APPER)**; and reiterated our continued full commitment to the basic principles and long-term objectives of the **Lagos Plan of Action** and **the Final Act of Lagos.**

4. We saw the first special session ever to be devoted to the problems of a single region as a truly unique opportunity to focus the attention of the world on the plight of Africa and to establish the political foundation and consensus for concerted global action in support of our continent.

5. All concerned came to recognize the **United Nations Programme of Action for African Economic Recovery and Development, 1986-1990 (UN-PAAERD)** as a novel compact between Africa and the international community, embodying mutually reinforcing commitments. We Africans committed ourselves to providing the necessary framework for launching long-term programmes for self-sustaining socio-economic growth and development and the international community, on its part, committed itself to assisting Africa to achieve this objective.

6. We recall the results of the Mid-term review of UN-PAAERD by the United Nations General Assembly, in particular the following conclusions:

> "The reform and restructuring that are being undertaken by African countries and the ongoing initiatives taken by the international community thus constitute an important beginning. However, the overall performance of the African economies remains unsatisfactory. Despite earnest efforts to carry out adjustments in their national economic policies, most African countries have found little reprieve from the harsh impact of climatic conditions and an unfavourable external economic environment. Internal constraints, and the adverse impact of exogenous factors to which African economies are highly susceptible, are impeding the reform process and are severely hampering African development. Dealing with the African crisis is a priority concern for the international community and the United Nations. It is therefore a matter of urgency that the promising actions that have been taken by all parties concerned to implement the Programme of Action should be strengthened and accelerated. Sustained and unfaltering efforts made by African countries must be matched by substantial and urgent efforts by the international community to provide support to them

at the required levels and to create an international environment favourable to the process of reform and restructuring".

7. We have also taken note of the decennial review and appraisal of the Lagos Plan of Action and Final Act of Lagos as contained in document E/ECA/CM.17/4.

8. The forthcoming final review and appraisal of the implementation of UN-PAAERD by the General Assembly of the United Nations and its Ad Hoc Committee of the Whole, does provide a unique opportunity for a frank, sober and objective assessment of the achievements of the Programme and the implications of those results for future action in support of Africa.

9. With the unanimous adoption of UN-PAAERD, we certainly held the hope that this compact would usher in a new era of international cooperation in which both Africa and the international community would work together to fulfil their respective commitment as embodied in the Programme.

10. Unfortunately, we cannot but conclude that at the end of this five-year period, Africa's socio-economic condition remains precarious and that the results of the Programme of Action fell far below expectations. The socio-economic conditions as well as the purchasing power of the African people have continued to worsen and the Programme of Action has not contributed sufficiently in redressing this situation.

11. It is because of this concern that we decided, at our sixteenth meeting held in Tripoli in May 1990, to submit a Special Memorandum to the Ad Hoc Committee of the Whole of the General Assembly of the United Nations on the final review and appraisal of UN-PAAERD. The following pages of our Special Memorandum contain our candid assessment of UN-PAAERD and the tasks that need to be tackled in the 1990s. The economic situation that Africa finds itself in today is not much different from that of 1986, and the social and human conditions have actually worsened. It is this sober recognition which guided us in formulating this Special Memorandum.

II. IMPLEMENTATION OF UN-PAAERD

1. African efforts

12. We committed ourselves in UN-PAAERD to providing the necessary framework for launching long-term sustainable socio-economic development and growth by implementing the policies and priorities of APPER. These include: agricultural development; the rehabilitation and development of sectors in support of agriculture; measures to combat drought and desertification; the development of human resources; and policy reforms. These policy reforms included: improving the management of the economy; implementing other policy measures through which "short-term adjustment measures should give way to the medium-term and long-term structural transformation"; adoption of appropriate national population policies; and encouraging the participation of people, especially women, in development.

13. For a realistic assessment of UN-PAAERD, it is important to state at the outset that the implementation of UN-PAAERD priorities overlapped with the implementation of structural adjustment programmes (SAPs) by over two thirds of our countries. In this regard we wish to reiterate the conclusions of the General Assembly of the United Nations at the mid-term review of UN-PAAERD: "Structural adjustment programmes should be designed in such a way as to mitigate their adverse socio-economic effects, ensure that the human dimension is integrated in them, further improve the well-being of the poor and disadvantaged in African societies, notably through redirecting social and developmental expenditures, and make short-term stabilization and adjustment measures compatible with and built into long-term structural transformation".

14. Bearing that fact in mind, we are convinced that on the whole we undertook commendable efforts to implement policy reforms and structural adjustment programmes and also to respond positively to some of the priority sectors of UN-PAAERD. Returns from the survey which ECA administered in our countries, and assessment by other sources do clearly demonstrate a clear commitment and a greater effort on our part to implement economic reforms and adjustment programmes.

15. We accorded high importance to UN-PAAERD's four sectoral priorities. Special emphasis was given to the food and agriculture sector. Greater resources were channelled to the agricultural sector to the extent that the target of allocating 20 to 25 per cent of public investment was achieved in many countries. Efforts to expand agricultural production have also been made through measures such as encouraging investment in agriculture by both the public and private sectors, increasing incentives to farmers, including remunerative producer prices and measures to restore, protect and develop arable land, etc. We also took immediate measures to combat food emergencies.

16. Regrettably, this commitment on our part to emphasize the food and agricultural sector has, for a variety of reasons, not translated into a significant degree of food security, and the rise in agricultural production certainly fell short of our expectations and was not sufficient to stop the decline of per capita agricultural production.

17. Emphasis has also been placed on the development and rehabilitation of agro-related industries and production of factor inputs, taking into account the United Nations Industrial Decade for Africa; the rehabilitation and development of transport and communication infrastructure, taking also into account the United Nations Transport and Communications Decade in Africa; combating drought and desertification; improving educational and training facilities; increasing employment opportunities for women and rural youth; and encouraging popular participation in development in general.

18. The overwhelming majority of our countries implemented policy reforms along UN-PAAERD lines as well as structural adjustment programmes, the latter often at great economic and social cost as well as political risks.

19. Within the framework of the improvement of the management of the economy, the majority of our countries pursued policies aimed at improving public management systems institutions and practices; improving the performance of public enterprises; reforming the public services to make them more development oriented; and improving financial management, fiscal administration and control of public expenditure.

20. Explicit or implicit national population policies were adopted by over three quarters of African countries. Efforts have been made to enhance the participation of the people in development, develop indigenous entrepreneurial capabilities, support grass-roots development initiatives and involve women more actively in development.

21. Indeed, significant change towards the democratization of political and economic life and consolidation of the democratic process, affecting no less than 30 of our countries, was under way towards the latter part of UN-PAAERD period. The Arusha International Conference on Popular Participation in Development, the Charter of which was subsequently adopted by the ECA Conference of Ministers and the OAU Summit of Heads of State and Government and endorsed by the United Nations General Assembly, represents an important watershed in the emerging consensus emanating from within our continent on the need for a more effective process of popular participation in development and the democratization of economic and political life.

22. UN-PAAERD's policy reform measures demanding that "in the coming years short-term adjustment measures should give way to the medium-term and long-term structural transformation" were not always

implemented as envisaged. Structural adjustment programmes were dominant throughout UN-PAAERD period and hardly any restructuring of the economy took place during that period.

23. We are convinced that these programmes (SAPs) were not sufficient for the attainment of the objectives of structural transformation and long-term development. Moreover, their human and social costs have been impermissible and their presumed benefits have become more and more elusive. Indeed, some of SAPs instruments - such as repeated devaluation, across-the-board liberalization of the economy and high nominal interest rates - have actually undermined long-term growth prospects by fuelling inflation, discouraging domestic production and diverting savings to speculative activities. These conclusions have furthermore been testified to by the conclusions of many independent studies and the findings of major international conferences such as the Abuja International Conference on the Challenge of Economic Recovery and Accelerated Development and the Khartoum International Conference on the Human Dimension of Africa's Economic Recovery and Development.

24. We also took actions to implement UN-PAAERD's priorities at the subregional and regional levels within the framework of our intergovernmental subregional and regional organizations and institutions. We wish to cite here, only by way of example, the collective actions we have taken towards the establishment of regional networks for crop protection and mechanisms for cooperation among national early warning systems, as well as towards the reduction of dependence on non-African experts. The Global Information and Early Warning System (GIEWS), in which over 30 countries participate and the establishment of the African Centre of Metrological Applications for Development (ACMAD) are two examples, during UN-PAAERD period, of subregional cooperation.

25. We also made efforts to harmonize and rationalize the functioning of our sub-regional organizations with a view to avoiding unnecessary duplication, cutting on wastage and revitalizing them to act as effective vehicles for development and transformation.

26. Our efforts in establishing the African Economic Community, the treaty of which will be tabled for ratification at the Summit of our Heads of State and Government in June of this year, are a measure of our resolve to push ahead with the overriding objective of economic cooperation and integration, without which the future of our continent will be compromised.

2. Response of the international community

27. Our commitment to "provide the necessary framework to launch long-term programmes for self-sustaining socio-economic and growth" is matched, in UN-PAAERD by the commitment of the international community "to assist Africa to achieve this objective". This commitment was spelt out in UN-PAAERD as follows: "The international community recognizes that the African countries need additional external resources. In this context, it commits itself to making every effort to provide sufficient resources to support and supplement the African development effort". It also agreed "on the importance of increasing official development assistance to Africa, its improved quality and effectiveness". "The international community also recognizes the magnitude of Africa's debt and the severe and restrictive burden which this has placed on many African countries. It realizes that measures have to be taken to alleviate this burden and to enable those countries to concentrate on the full implementation of the priorities". The international community "also realized that lasting solutions to the serious exogenous constraints, over which Africa has no control, will have to be found since their persistence will impede the efforts of African countries", and that "the quality and modality of external assistance and cooperation will need to be improved".

28. A careful and reasoned evaluation of the response of the international community to UN-PAAERD can, regrettably, only lead us to conclude that the international community has not fully carried out its part of the compact.

29. Additional resource requirements, over and above net resource flow levels in 1986, for the implementation of the UN-PAAERD were estimated in the Programme at $9.1 billion a year over UN-PAAERD period. Not only were these additional resource flows as expected in UN-PAAERD not forthcoming, but total net resource flows to Africa actually declined sharply in real terms during the Programme period from a level of $25.9 billion in 1986 to $22.6 billion in 1989. The year-to-year figures of total net resource flows were: 1985, $27.3 billion; 1986, $25.9 billion; 1987, $22.7 billion; 1988, $22.4 billion; 1989, $22.6 billion. Official development assistance stagnated in real terms at around $16 billion during the same period, while private flows declined sharply. When account is taken of interest and dividend payments by Africa, net financial transfers to Africa in real terms drop sharply from $13.0 billion in 1986 to $8.7 billion in 1989.

30. We recognize that the multilateral institutions increased their support to Africa during UN-PAAERD through such programmes as the World Bank's Special Program of Assistance (SPA) and the IMF's Structural Adjustment Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF). The World Bank's net flows to Africa amounted to $1.66 billion, over the UN-PAAERD, while the IMF's total direct financial commitment to Africa increased from SDR 1.5 billion in 1986 to SDR 2.8 billion in 1990.

31. This support had, however, serious limitations. Access to these resources is conditional upon the implementation of SAPs, a fact which leaves little choice for African countries but to accede to such conditionality. Secondly, conditionality requirements have also limited access to the funds. For example, only about a third of total resources available under SAF and ESAF had been disbursed by the IMF to date.

32. In spite of the growing seriousness of Africa's external debt, efforts by the international community to deal with the problem have not been adequate. Africa's debt has virtually become unmanageable. The continent's total external debt stock rose from $204 billion in 1986 to $272 billion in 1990. The ratio of Africa's debt to GDP increased from 54 per cent in 1986 to 109 per cent in 1990, while the ratio of debt to export earnings increased from 239 per cent in 1986 to 338 per cent in 1990. The ratio of actual debt service payments to exports was in excess of 30 per cent in 1990, while the ratio of scheduled debt service to GDP was in the same year, about 46 per cent.

33. Some initiatives have been taken by the international community to ease Africa's debt burden such as Toronto Summit and the welcome move by a number of OECD countries to forgive African debt. Appreciative as these initiatives are, they have been inadequate as they have failed to reduce the stock of debt in any meaningful manner. About $1.6 billion was forgiven during 1987-1989 by nine member States of the Organization for Economic Co-operation and Development. The impact of the debt forgiven on debt service has been very limited. Debt-service payments were lowered by only $100 million.

34. The fact that these debt initiatives have been implemented within the framework of Paris Club has also had serious defects: the scale of relief is extremely limited; countries have had to repeatedly reschedule debt; repeated reschedulings have become time consuming and sapping to the energy and limited human resources of our countries; rescheduling terms have not been adapted to the debtor's capacity to pay and the excessive duration of the rescheduling process. Furthermore, Paris Club practices pose two serious problems: first, these practices do actually contribute to exacerbating Africa's long-term debt problem by increasing the stock of non-concessional debt. Secondly, the conditionality of linking eligibility of debt relief to the adherence to IMF/World Bank Structural Adjustment Programmes pressurizes countries to accept SAPs on the one hand and also excludes those countries which are not implementing SAPs from obtaining debt relief on the other hand.

35. Africa's debt problem has been further complicated by the growing seriousness of multilateral debt. The service on multilateral debt represents almost a quarter of Africa's total debt and has been so large as to substantially depress net financial transfers from multilateral institutions in the case of the World Bank (where annual net transfers after debt service, amounted to $0.98 billion against $1.66 billion net flows) and

turn these negative in the case of the IMF, (where African countries transferred back to the IMF an average of $600 million annually during UN-PAAERD period). Indeed, 11 African countries were over six months in arrears to the IMF and 8 to the World Bank at the end of 1990.

36. The regulations of the multilateral institutions do not allow this debt to be rescheduled or written off. Refinancing arrangements have been inadequate and recent initiatives, such as the IMF's "rights" approach to help refinance the debt owed to it by Africa, will not solve the problem.

37. UN-PAAERD recognized that there is a need for the international community:

> "(i) To evolve and implement policies conducive to sustained, equitable and non-inflationary growth, including the expansion of trade through, inter alia, the elimination of protectionism, particularly non-tariff barriers, in accordance with existing commitments, the adoption of measures which encourage African exports and diversification programmes, and improved market access, especially for tropical products, within the framework of the General Agreement on Tariffs and Trade;
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> (ii) To deal urgently with commodity issues, taking into account the special interest of the African countries, in the framework of an overall approach, embracing commodity agreements/arrangements, adequate compensatory financing, and also to increase the capacity of African countries to process, market, distribute and transport their exports, and in this context to stress the importance of sufficient ratification of the agreement on the Common Fund for Commodities, for it quickly to become operational".

38. Regrettably, these commitments remained largely unfulfilled during UN-PAAERD period and the international environment has generally been unfavourable to Africa.

39. Although trade grew faster and rates of growth of the developed market economy countries picked up during UN-PAAERD period, the export performance of our continent remained weak. This is mainly explained by falling commodity prices, the total collapse of coffee and cocoa prices and the continued supply overhang in commodity markets. Indeed, as we managed to expand the volume of our exports in expectation of higher export earnings, we only faced the opposite situation and also an adverse movement in Africa's terms of trade and purchasing power of exports indices. While the quantum index of our exports increased by about 6 percentage points (during 1986-1989 compared to 1981-1985), the unit value index dropped 26 points. At the same time, although our imports index fell by 4 percentage points, the unit value index of our imports rose by 11 percentage points. These movements caused further deterioration in Africa's terms of trade by one third during UN-PAAERD period. The purchasing power of our exports fell sharply to 52.5 per cent during 1986-1989, compared to 75.7 per cent in 1981-1985.

40. Support given to our countries to diversify within and outside the commodity sector was limited. It is also worthwhile to note that neither the World Bank nor the International Finance Corporation had a single African country among its top five recipients of export-oriented diversification lending in the 1980s.

41. International cooperation on commodity issues actually became weaker during UN-PAAERD period. No new price stabilization measures were introduced, and, indeed, the existing international agreements on coffee and cocoa have become inoperative.

42. Measures to provide "adequate compensatory financing" to African countries as called for by UN-PAAERD have been grossly insufficient. The extension of the scope of the IMF's Compensatory Financing Facility (CFF) in August 1988 to include a contingency mechanism has actually reduced our ability to make

effective use of it because of the problems of over conditionality and eligibility. The call of the General Assembly at the Mid-Term Review for the participation of all industrialized countries in a globalized arrangement similar to STABEX/SYSMIN to compensate for shortfalls in export earnings of African countries has not received support.

43. While the Common Fund for Commodities has been ratified by many countries, the resources available for it remain meagre and it is yet to operate effectively. There is, in fact, a growing preference for free market operations and a growing perception that declining consumption represents long-term shifts in demand induced by technological change and substitution of new synthetic materials for traditional exports.

44. Protectionism has not abated during the second half of the 1980s in the industrialized countries, while pressure was being put on Africa to liberalize its import regimes. On the other hand, we recognize, with satisfaction, that the signing of Lome IV Convention in 1989 allowed improved access to EC markets for veal beef and another 40 ACP products and that the access for fruit and vegetables to the European market has been improved.

45. We are particularly concerned about the defects of technical assistance, which currently accounts for 25 per cent of net ODA disbursements.

46. We are aware that during the UN-PAAERD period a number of initiatives were introduced to deal with the problems of technical assistance. These included National Technical Co-operation Assessment Programmes (NATCAPs) and attempts to improve on the functioning of the Round Table (RT) meetings of UNDP as well as the Consultative Group (CG) meetings and the Special Programme of Assistance (SPA) of the World Bank.

47. In spite of these initiatives, our concern over the effectiveness of technical assistance is growing. Such concerns include, inter alia, the conditionality sometimes attached to technical assistance, insufficient impact on building a lasting capacity of national institution; the lack of effective involvement of the recipient countries in the determination of technical assistance programmes; the extremely high cost of technical cooperation; difficulty in assigning of counterpart staff; training efforts do not always address the priority needs of African countries; lack of use of local expertise and equipment in project implementation and training; and the use of inexperienced foreign experts to implement technical assistance programmes.

48. These results can only lead us to conclude that our own efforts and sacrifices have not been matched by an equal effort on the part of our partners and that their response to UN-PAAERD has disappointingly not been in line with their commitments in UN-PAAERD.

49. Without an improvement in the external environment and adequate external resources, Africa cannot be expected to grow or develop. The external environment remained unfavourable during UN-PAAERD period. Furthermore, as a result of debt repayments and losses in export earnings Africa was actually a net exporter of financial resources to the rest of the world. Deducting interest and dividend payments, financial transfers to Africa would decline in real terms from $13.0 billion in 1986 to $8.7 billion in 1989. Taking into account the impact of the deterioration in the terms of trade, net financial transfers would turn negative.

50. We recognize that the response of the United Nations system to the implementation of UN-PAAERD has, on the whole, been positive. The share of Africa in overall global assistance by the United Nations system rose from about 40 per cent in 1986 to over 50 per cent in 1990, i.e., from $1.1 billion in 1986 to $1.5 billion in 1990. In a number of instances this increase was as a direct result of UN-PAAERD. In other cases, UN-PAAERD helped to strengthen existing mandates and to focus attention on the critical economic situation in Africa and the need to initiate additional activities to deal with it. The share of UN-PAAERD priority sectors in these resources was high. Support was also given to priorities and institutions

at the subregional and regional levels. It is also clear that preference was in favour of national programmes. We appreciate the efforts made by the Secretary-General of the United Nations to sensitize the international community to the major areas of concern of UN-PAAERD and his convening of the high level Expert Groups on Financial Flows to Africa and Africa's Commodity Problems. Cooperation among organizations of the United Nations system as regards global coordination, monitoring and reporting on the implementation of UN-PAAERD and the awareness-building and information dissemination activities are also appreciated.

51. Some efforts were made to improve the quality and modality of assistance and cooperation and support policy reforms. Much more, however remains to be done in these areas and the emerging consensus on appropriate developmental approaches needs to be translated into operational reality reflecting Africa's own strategies as enunciated in the African Alternative Framework to Structural Adjustment Programmes for Socio-economic Recovery and Development (AAF-SAP).

52. We appreciate the contributions which African and non-African NGOs made in relation to the implementation of UN-PAAERD, particularly the growing magnitude of financial flows from NGO sources, education and advocacy work in the industrialized countries to seek more responsive action by Africa's multilateral and bilateral partners to meet Africa's development needs and also in support of Africa's own development policies and approaches, and the organization of various conferences and the dissemination of information to support and renew the implementation of UN-PAAERD.

III. IMPACT OF UN-PAAERD ON THE AFRICAN ECONOMY

53. We are of the view that UN-PAAERD has had very little positive impact on the performance of the African economy. Economic performance during the period 1986-1990 was not satisfactory. The rate of growth of the gross domestic product (GDP) averaged only 2.3 per cent per annum during the period, well below the average rate of population growth at 3.1 per cent. The annual rates of growth of the GDP were erratic from one year to another. From a level of 5.8 per cent in 1985, growth rates fell to 2.6 per cent and 0.7 per cent in 1986 and 1987 respectively, increased to 2.1 per cent in 1988 and 3.3 per cent in 1989 and fell back to 2.6 per cent in 1990.

54. Thus, growth during the second half of 1980s depicted retrogression, and not progress, in the standards of living of our people. The GDP per capita decreased annually at an average rate of 0.7 per cent during 1986-1990. Gross domestic investment as a percentage of the GDP remained low, and actually declined from about 23.5 per cent in 1980 and 19.2 per cent in 1986 to 17.6 per cent in 1989. Gross domestic savings stagnated around 16 per cent during UN-PAAERD period, compared to a level of above 24 per cent in 1980.

55. A number of reasons were responsible for this poor performance. Paramount among these is the fact that the structure of our economies hardly changed during the period, causing production, productivity, savings, investment and capital formation to remain at depressed levels.

56. Added to that, a number of internal and external constraints combined to aggravate the situation.

57. Important among the internal factors was the weather which determined, to a great extent, the contribution of the agricultural sector to growth either directly or indirectly through the impact on manufacturing. The fact that many parts of our continent were subject to internal and cross-boarder conflicts was an added cause for poor performance.

58. The internal factors aside, it was the external constraints which were largely responsible for the aggravation of the situation. Our efforts to undertake economic reform measures were seriously undermined, as indicated in the preceding section, by an adverse external environment; declining export earnings; a crippling debt and debt-servicing problem; and inadequate resource flows. These inter-linked problems

depleted scarce resources and, caused a situation of reverse flows of resources out of Africa to the rest of the world. Under these circumstances, it is difficult to see how our economies could have grown and prospered.

59. Economic performance in the Southern African subregion was also severely affected by the acts of destabilization by the Republic of South Africa. These acts cost the Southern African countries over $60 billion between 1980 and 1989. The SADCC countries losses in 1980-1988 period came to more than twice the total output of goods and services of these countries during 1988. In fact, destabilization was the principal cause of economic setbacks for the subregion to the extent that in 1988, for example, the output of the subregion would have been over 40 per cent higher in the absence of a hostile South Africa.

60. UN-PAAERD itself had little impact on economic performance during the programme period. Positive effects derived from the implementation of economic reform measures were, more than, offset by the negative effect of internal and external constraints and the shortfall in meeting the commitments by the international community in the Programme.

61. Indeed, as UN-PAAERD was being propagated, over two thirds of our countries were actually implementing structural adjustment programmes (SAPs) supported by the World Bank and IMF. The manner in which these programmes were conceived and implemented, often had the result of hampering the achievement of some objectives of the Programme. The removal of agricultural subsidies and the liberalization of imports was, for example, in many instances harmful to increased production in agriculture and manufacturing. Large-scale and repeated devaluation also helped to fuel inflation, and excessively high nominal interest rates encouraged speculative activities rather than productive investment.

62. Improvement in the human and social conditions, which is the final goal and the raison d'être for improved economic performance, were nowhere in sight during UN-PAAERD period. Indeed, there was a marked deterioration in those conditions. The incidence of poverty, unemployment and underemployment increased. Expenditure cuts as a result of SAPs contributed to the deterioration in health and educational services; making access more difficult to education, health and other social services; lowered ratios of enrolment in educational institutions; and left our universities and research centres hollow shells of what they used to be. Devaluations, wage and salary freezes and reduction caused sharp falls in real income with serious concomitant consequences for productivity, motivation and accountability. The brain drain among our most talented and competent high-level manpower has largely been due to the drastic fall in real earnings and the crumbled down scientific infrastructure.

63. As we talk about a new generation of SAPs, we wish to point out, as has been affirmed in General Assembly resolution 45/194, that the human dimension and long-term structural transformation requirements are yet to be imperatively integrated within such programmes.

64. All told, the economic and social conditions in Africa during 1986-1990 can only depict a picture of a continuing socio-economic crisis, a situation which calls for the need to deal with the underlying root causes thereof in a decisive and fundamental manner.

IV. CONCLUSIONS

65. The foregoing analysis can only lead us to conclude that novel as it was, UN-PAAERD did not yield the expected results.

66. A number of reasons, as we have shown above, have been responsible for this outcome.

1. Important and unique as it was, UN-PAAERD had not been the focal point for rallying international action in support of Africa. In spite of the global consensus and coalition that

UN-PAAERD represented, parallel efforts and initiatives continued to be undertaken during the period. As UN-PAAERD was ushered in, the World Bank's and IMF's-supported Structural Adjustment Programmes continued to be implemented. Indeed, these programmes very often impeded the implementation of UN-PAAERD.

2. While our countries honoured their commitment and continued to implement policy reforms and structural adjustment programmes, often at tremendous social and economic costs, the international support that was envisaged within the framework of UN-PAAERD was, disappointingly, lacking and well below expectations. Instead of receiving $9.1 billion additionally on an annual basis over and above 1986 net resource flow levels, these flows actually declined in real terms at the end of UN-PAAERD period. The international community was also unable to address the debt and commodity problems in the manner expected, to the extent that our countries became more indebted by the end of the Programme period than before and also earned less from an increased volume of exports. Little improvement, if any, was made in the modalities of technical assistance.

3. The malaise of the African economy, and indeed the root cause of its underdevelopment, lie in the lack of structural transformation and, in this regard, the structures of the African economies hardly changed during UN-PAAERD period.

4. Although internal constraints played a role in intensifying the causes for the lack of improvement of socio-economic performance, it was the external constraints and the unfavourable international economic environment which constituted the main obstacle to recovery and development.

67. In the light of the experience of UN-PAAERD, we have come to the conclusion that Africa does not need another UN-PAAERD. Africa is already committed as a member of the international community, to the new International Development Strategy for the Fourth United Nations Development Decade. At the regional level, there are the Lagos Plan of Action, the Final Act of Lagos and the African Alternative Framework to Structural Adjustment Programmes for Socio-economic Recovery and Transformation. With 30 African countries belonging the group of LDCs, the second Programme of Action for the LDCs adopted in Paris in September 1990 constitutes virtually a regional plan. In addition there are two sectoral programmes for Africa - the second UNTACDA and the second IDDA. Then, there are more than enough regional programmes in existence and Africa does not, therefore, need another one.

68. In any case, given the global political and economic climate, it cannot be expected that a repetition of UN-PAAERD, no matter how modified, would yield results different from those of the previous Programme. If anything, it might exacerbate the marginalization of Africa by removing its main concerns from current global concerns and treating them as special problems. It will, thus, well be a political mistake to relegate Africa to a "back burner" position by invoking yet another programme with an appellatory character, which everybody would know that nothing will come out of it.

69. In these circumstances, we have concluded that we need to put in place, for the rest of the decade, arrangements that would avoid the further marginalization of our continent and will not treat our problems as special cases - but as point of global problems without whose solution international development and cooperation will not be fully attained. Consequently we have opted for a new kind of international agenda for cooperation with Africa - an agenda that is specific on issues and problem-oriented and whose solutions will enable Africa to implement fully the existing global, regional and sectoral strategies, programmes and plans.

V. INTERNATIONAL AGENDA FOR COOPERATION WITH AFRICA IN THE 1990s

70. This new kind of international agenda for cooperation with Africa in the 1990s will be in two parts - what Africa must commit itself to do and what the international community should commit itself to do.

PART I OF THE AGENDA: AFRICA'S COMMITMENT

(i) Policy framework

71. Following from the foregoing conclusions, we can only surmise that our continent has no alternative but to pursue, urgently and persistently, economic reform measures that would lead to a process of sustained and sustainable growth and development.

72. Such a process cannot be set in motion through the implementation of orthodox structural adjustment programmes. That is not only our conclusion, but also the verdict of the United Nations General Assembly when it concluded:

> "The implementation of structural adjustment programmes has given rise to general concerns, such as human, social and political consequences, as well as long term financing needs for Africa's economic recovery and development efforts. .... Structural adjustment programmes should be designed in such a way as to mitigate their adverse socio-economic effects, ensure that the human dimension is integrated in them, further improve the well being of the poor and disadvantaged in African societies, notably through redirecting social and developmental expenditure, and making short-term structural adjustment measures compatible with and built into long-term structural transformation."

Indeed, the General Assembly challenged us by urging that:

> "African countries should increase their efforts in the search for a viable conceptual and practical framework for economic structural adjustment programmes in keeping with the long-term development objectives and strategies at the national, subregional and regional levels."

73. We met that challenge by elaborating the **African Alternative Framework to Structural Adjustment Programmes for Socio-economic Recovery and Development (AAF-SAP)**, which charts the way forward to the achievement of sustained and sustainable growth and development.

74. Not only was AAF-SAP adopted by our Heads of State and Government, but it was also blessed by the United Nations General Assembly which commended it as a framework for negotiation with Africa's bilateral and multilateral partners. We, therefore, call on our partners to take account of these decisions in all negotiations.

75. We are convinced that growth and development on a sustained and sustainable basis can only unfold through the popular enthusiasm of the people and their full participation in the process of development. We are, therefore, determined to press ahead with the democratization of development and the full implementation of the **African Charter for Popular Participation in Development and Transformation** and the declaration of our Heads of State and Government at their 1990 Summit on the political and socio-economic situation in Africa and the fundamental changes taking place in the world.

76. But this determination to pursue vigorously the transformation of our economy and society, is not likely to succeed if the international economic environment continues to remain hostile and if the interlinked problems of debt commodities and resource flows are not fundamentally solved.

77. On the basis of the foregoing considerations emanating from our objective evaluation of the implementation of UN-PAAERD, we propose an initiative commensurate with the status and challenges confronting our continent at the dawn of the 1990s. Such an initiative shall take the form of a new **AGENDA FOR COOPERATION** between Africa and the international community that would focus on the set of problems without the solution of which Africa cannot be expected to progress and prosper, and which would underwrite our continent's efforts and development orientation.

78. Thus on our part we will, above all, commit ourselves to the transformation of the structures of our economies to achieve growth and development on a sustained and sustainable basis as enunciated in AAF-SAP.

(ii) The human dimension

79. At the centre of that process is the human dimension. We therefore resolve to improve the human conditions and living standards of our people. We are aware that our capacity to develop and compete meaningfully in the world economy depends on the efficiency and quality of our human resources. It is in this sense that we regard intensified human resources development and utilisation and capacity building as an important part of the agenda for international cooperation with Africa.

(iii) Intensification of the democratization process

80. We also commit ourselves to the path towards the democratization of the economy and society and the full participation of our people in development as embodied in the **African Charter for Popular Participation in Development and Transformation.**

(iv) Promotion of regional and subregional cooperation

81. The effective transformation of our economies would not be possible without effective regional and subregional economic cooperation and integration. We therefore resolve to pursue this objective with vigour and fully commit ourselves to the establishment of the African Economic Community and to the effective functioning of our subregional organizations, the PTA, SADCC, ECOWAS, ECCAS and UMA.

(v) South-South cooperation

82. We are also convinced that South-South cooperation is an indispensable element for the success of the NEW AGENDA FOR COOPERATION and we are, therefore, determined to intensify such cooperation.

PART II OF THE AGENDA: THE COMMITMENT OF THE INTERNATIONAL COMMUNITY

83. The international community would need to support Africa's own approaches to development and transformation and to create the conditions that are necessary for the success of our endeavours. Within the framework of this **NEW AGENDA FOR COOPERATION**, the international community would need to deal with the problems of bilateral and multilateral debt, commodities and resource flows in a fundamental manner that would provide lasting solutions to these problems.

(i) Solution for Africa's debt problem

(a) Bilateral debt

84. In the area of debt, major initiatives to cancel the bulk of Africa's bilateral ODA and export credits debt must be instituted. We are convinced, in this regard, that the solution to the debt problem is primarily a political, and not a technical one as the recent experience of some countries has shown.

85. We call on the governments of the industrialized countries to actively participate in the solution of the problem of commercial debt with a view to effecting a substantial reduction of that debt and facilitating its repayment.

(b) Multilateral debt

86. Bold solutions to the problem of multilateral debt must also be included. In addition to the re-financing facilities that are already existing with respect to multilateral debt, we, therefore, call for the amendment of the articles of the Bretton Woods institutions to permit a resolution of the problem.

87. In all, we call on the international community to take practical steps in the implementation of the African **Common Position on Africa's External Debt Crisis,** including the International Conference on Africa's External Indebtedness.

(c) De-linking debt from SAPs' conditionality

88. There is also a need to de-link debt relief from the damaging conditionality of SAPs.

(ii) Diversification of the African economy

89. Another area in which fundamental reforms are required concerns the African commodities sector. Our common position on the Fraser's report is pertinent in this respect. Our development strategy cannot be tied to the commodities sector largely because the control of this sector rests with the international community. As it is, increasing commodity output, given the adverse terms of trade against producers, is a poor development strategy. Larger output is not likely to lead to greater revenue. Therefore, a concerted programme of diversification of Africa's economies, including intensified industrialization is called for. Not only will this improve our technological position, it will also reduce our dependence on a few commodities as the mainstay of our economies. The international community will, therefore, need to support this effort and also measures to make earnings from our commodities more remunerative.

(iii) Increased resource flows

90. We also launch an appeal to the international community to increase its financial assistance to Africa in a substantial manner to consolidate reform programmes and achieve the structural transformation of the economies.

MONITORING MACHINERY

91. It is this kind of **NEW AGENDA FOR COOPERATION** that needs to be forged in the aftermath of UN-PAAERD, where concrete actions in critical areas of mutual concern will be specifically implemented and monitored within the framework of the **NEW AGENDA.**

92. To oversee the monitoring of and reporting on the implementation of the **NEW AGENDA,** there is a need for a high-level monitoring committee to be instituted. We wish, therefore, to propose that a 20-

person machinery should be established comprising of representatives of the ECA Conference of Ministers and the DAC of OECD in equal numbers (seven each) plus a group of eminent persons from Africa and the international community, appointed in their personal capacity by the General Assembly on the recommendation of the ECA Conference of Ministers. They should not be more than six in number.

93. Reports on the implementation of this **NEW AGENDA FOR COOPERATION** should be prepared and submitted annually to the General Assembly through the ECA Conference of Ministers and ECOSOC.

94. The United Nations Inter-Agency Task Force, which has done an excellent job on the monitoring of and reporting on the implementation of UN-PAAERD, should act as the technical advisory body of the Committee.

95. The United Nations and NGOs have an important role to play in the implementation of the **NEW AGENDA** and extra efforts need to be made by them to provide support within this framework. Much needs to be done by the United Nations system in terms of coordination of approaches and operational modalities; increased mobilization of resources; assistance in improving the external environment and dealing effectively with the debt problem; easing conditionalities; offering assistance at more concessional terms and finding a solution to the multilateral debt; and the effective and efficient delivery of technical cooperation programmes.